

Message Text

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PAGE 01 LONDON 00575 121606Z
ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 GSA-02 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-06 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
SOE-02 OMB-01 DOE-11 /113 W
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P R 121547Z JAN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 1970
AMEMBASSY BRUSSELS PRIORITY
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO

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EC BRUSSELS FOR U.S. STEEL DEL

E.O.11652: N/A
TAGS: ETRD, EIND, UK, EEC
SUBJECT: STEEL TRIGGER PRICES: UK REACTIONS

REF: (A) '77 LONDON 20461; (B) STATE 1591

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PAGE 02 LONDON 00575 121606Z

1. THE UK GOVERNMENT HAS NOT YET ADOPTED FIRM VIEWS
TOWARD U.S. STEEL IMPORT TRIGGER PRICES IN THE ABSENCE
OF SEVERAL UNKNOWN FACTORS, BUT THE INITIAL ASSESSMENT
IS THAT THE PRESENT TRIGGER PRICE LEVELS COULD LEAD TO
CONSIDERABLE LOSS OF UK STEEL SALES IN THE U.S.

2. DEPT. OF TRADE ASST. SECRETARY JONES HAS TOLD US THAT

THE BRITISH GOVERNMENT AND BSC HAVE LARGELY COMPLETED THEIR QUANTITATIVE CALCULATIONS ON INFORMATION AVAILABLE NOW, BUT ARE STILL IN A WAIT-AND-SEE POSTURE PENDING DECISIONS ON (A) WHAT U.S. PRODUCERS WILL DO ON PRICE INCREASES AND (B) WHAT THE "EXTRAS" WILL BE.

3. JONES SAID' HOWEVER, THE INITIAL REACTION WAS THAT THE "SITUATION COULD BE VERY DISADVANTAGEOUS FOR BRITISH STEEL EXPORTS TO THE U.S." THE GOVERNMENT FEELS THE SYSTEM APPEARS TO BE "LOADED IN FAVOR OF THE JAPANESE." THEY WOULD HAVE A "COMPETITIVE ADVANTAGE" IN THAT THE MARGINS BETWEEN U.S. TRIGGER PRICES AND U.S. DOMESTIC STEEL PRICES ARE GREATER ON THE WEST COAST, THE AREA IN WHICH JAPAN'S MAJOR MARKETS ARE LOCATED. WHEREAS, THE MARGINS ARE CONSIDERABLY LESS IN THE EAST COAST AND GREAT LAKES REGIONS WHERE THE MAJORITY OF UK SALES ARE MADE. THE LESSER MARGINS IN THESE AREAS MAY BE INSUFFICIENT FOR A FOREIGN SUPPLIER SUCH AS THE UK TO RETAIN ITS COMPETITIVE POSITION AND MARKET SHARE VIS-A-VIS THE JAPANESE. THE UK READING OF THE JAPANESE REACTION TO THE TRIGGER PRICE LEVELS IS THAT THEY ARE "NOT UNHAPPY AT ALL" ABOUT HOW THE U.S. SYSTEM WAS STRUCTURED.

BREWSTER

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